

**AGREEMENT FOR SERVICES
BETWEEN CITY OF MORRO BAY AND
PAVEMENT ENGINEERING, INC.**

THIS AGREEMENT FOR SERVICES (“**Agreement**”) is made and entered into this 12th day of November, 2025 by and between CITY OF MORRO BAY, a California municipal corporation (“**City**”) and PAVEMENT ENGINEERING, INC., a California corporation (“**Consultant**”). City and Consultant may be referred to individually as “**Party**” or collectively as “**Parties.**” In consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1. SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, Consultant shall provide those services specified in the “Scope of Services” attached hereto as Exhibit A and incorporated herein by this reference, which may be referred to herein as the “**services**” or “**work**” hereunder. As a material inducement to City entering into this Agreement, Consultant represents and warrants: a) all services set forth in the Scope of Services will be performed in a competent and satisfactory manner; b) all materials used for services will be both of good quality as well as fit for the purpose intended; and, c) Consultant shall follow the highest professional standards and practices in performing the services required hereunder.

1.2 Consultant’s Proposal. The Scope of Services shall include the scope of services or work included in Consultant’s proposal or bid, which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal or bid, and this Agreement, the terms of this Agreement shall govern. No other terms and conditions from Consultant’s proposal or bid, other than description of scope of services or work, shall apply to this Agreement, unless specifically agreed to by City in writing.

1.3 Compliance with Law. All services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules and regulations of City and any federal, State or local governmental agency having jurisdiction in effect at the time services are rendered. City, and its officers, employees and agents, shall not be liable at law or in equity for failure of Consultant to comply with this Section.

1.4 Licenses, Permits, Fees and Assessments. Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for Consultant’s performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

1.5 Additional Services and Compensation. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes to the work by altering, adding to

or deducting from said work. No such extra work may be undertaken unless a written order, consistent with both Section 9.4 as well as Morro Bay Municipal Code (“**MBMC**”) section 3.08.060 (and as amended), is first given by City to Consultant, incorporating therein any adjustment in the Contract Sum for the actual costs of the extra work and/or the time to perform this Agreement, which said adjustments are subject to the written approval of Consultant. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services or reasonably contemplated therein. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other consultants.

1.6 Familiarity with Work. By executing this Agreement, Consultant represents and warrants Consultant: a) has thoroughly investigated and considered services to be performed, b) has carefully considered how services should be performed, and c) fully understands the facilities, difficulties and restrictions attending performance of services under this Agreement.

1.7 Software and Computer Services. If the Scope of Services includes the provision and/or installation of any software, computer system, or other computer technology, Consultant represents and warrants that it is familiar with and/or has inspected City’s current infrastructure, equipment, computer system and software and that the software, computer system, or other computer technology provided and/or installed by Consultant under this Agreement is compatible, and shall be fully functional, with such infrastructure, equipment, computer system and software of City. Consultant acknowledges that City is relying on this representation by Consultant as a material consideration in entering into this Agreement.

1.8 Prevailing Wages. If services include any “public work” or “maintenance work,” as those terms are defined in California Labor Code section 1720 *et seq.* and California Code of Regulations, Title 8, section 16000 *et seq.*, and if the total compensation is \$1,000 or more, Consultant shall pay prevailing wages for such work and comply with the requirements in California Labor Code section 1770 *et seq.* and 1810 *et seq.*, and all other applicable laws.

1.9 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the “Special Requirements” attached hereto as Exhibit B and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit B and any other provisions of this Agreement, the provisions of Exhibit B shall govern.

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT

2.1 Contract Sum. Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as **Exhibit C** and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Three Hundred Forty-Three Thousand Three Hundred Thirty-Four Dollars (\$343,334.00) (“**Contract Sum**”), unless additional compensation is approved pursuant to Section 1.5. Compensation may include reimbursement, for actual and necessary expenditures, if both specified in the Schedule of Compensation, as well as approved by City in advance. The Contract Sum shall include the attendance of Consultant at all project

meetings reasonably deemed necessary by City. Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto.

2.2 Invoices. Unless some other method of payment is specified in Exhibit C, Schedule of Compensation, in any month in which Consultant wishes to receive payment, no later than the first business day of such month, Consultant shall submit to City, in a form approved by City's Finance Director, an invoice for services rendered prior to the date of the invoice. By submitting an invoice for payment under this Agreement, Consultant is certifying compliance with all provisions of this Agreement. Except as provided in Sections 7.3, 7.4 and 7.5, City shall pay Consultant for all expenses stated thereon which are approved by City pursuant to this Agreement generally within thirty (30) days, and City will use its best efforts to make payment no later than forty-five (45) days, from the submission of an invoice in an approved form. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by City for any invoice provided by Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law. Each invoice is to include (unless otherwise specified by City): 1) line items for all personnel describing the work performed, the number of hours worked, and the hourly rate; 2) line items for all materials and equipment properly charged to the Services; 3) line items for all other approved reimbursable expenses claimed, with supporting documentation; and 4) line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services, which shall be no later than December 31, 2026.

3.3 Schedule of Performance. Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as **Exhibit D** and incorporated herein by this reference.

3.4 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including City, if Consultant shall within ten (10) days of the commencement of such delay notify City in writing of the causes of the delay. City shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of City

such delay is justified. City's determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Consultant be entitled to recover damages against City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of this Agreement pursuant to this Section.

ARTICLE 4. COORDINATION OF WORK

4.1 Representative of Consultant. The representative of Consultant is Joseph L. Ririe P.E. (805) 781-2265, joer@pavementengineering.com, who is authorized to act on Consultant's behalf with respect to the work or services specified herein and to make all decisions in connection therewith. It is expressly understood that the experience, knowledge, capability and reputation of the representative was a substantial inducement for City to enter into this Agreement. Therefore, the representative shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. For purposes of this Agreement, the representative may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City.

4.2 Contract Officer for City. The Contract Officer for City is Nathan Stong, P.E. (805) 772-6569, nstong@morrobayca.gov (or such person as may be designated by the City Manager). The Contract Officer shall be the primary person on behalf of City responsible for the administration of the Agreement. It shall be Consultant's responsibility to assure that the Contract Officer is kept informed of both the progress of the performance of the services as well as any decisions which must be made by City.

4.3 Approvals from City. City approvals or actions, pursuant to the authority of this Agreement, are to be made (unless otherwise specified) either by the City Manager or by their delegate as provided for in writing.

4.4 Independent Contractor. Neither City, nor any of its officers, employees or agents, shall have any control over the manner or means by which Consultant, or its officers, employees, agents or subcontractors, perform the services required herein, except as otherwise set forth herein. Consultant shall perform all services required herein as an independent contractor of City and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it, or any of its officers, employees, agents or subcontractors, are officers, employees or agents of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant. Consultant shall not incur or have the power to incur any debt, obligation or liability whatever against City, or bind City in any manner. Consultant represents and warrants that the personnel used to provide services to City pursuant to this Agreement shall at all times be under Consultant's exclusive control and direction. No City employee benefits shall be available to Consultant, its officers, employees, agents or subcontractors, in connection with the performance of this Agreement. City shall not be liable for compensation or indemnification to Consultant, its officers, employees, agents or subcontractors, for injury or sickness arising out of performing services hereunder. In the event that Consultant or any officer, employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a federal or state agency, a court of competent jurisdiction, or the California Public Employees' Retirement System, to be classified as other than an

independent contractor for City, then Consultant shall indemnify, defend, and hold harmless City for the payment of any and all assessed fines, penalties, judgments, employee and/or employer contributions, and any other damages and costs assessed to City as a consequence of, or in any way attributable to, the assertion that Consultant, or any officer, employee, agent, or subcontractor Consultant used to provide services under this Agreement, is/are employees of City.

4.5 Subcontracting or Assignment. The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for City to enter into this Agreement. Therefore, without express written approval of City, Consultant shall not contract with any other entity to perform in whole or in part services required hereunder without express written approval of City, and neither this Agreement nor any interest herein may be transferred or assigned. No approved transfer shall release Consultant, or any surety or insured of Consultant, of any liability hereunder without express written consent of City.

ARTICLE 5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages. Prior to commencement of any services under this Agreement, and without limiting Consultant's indemnification obligation to City, Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, for the duration of the Agreement, primary policies of insurance of the type and amounts below, issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by City, which shall cover all elected and appointed officers, employees and agents of City. City reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to Consultant, City and Consultant may renegotiate Consultant's compensation.

(a) **Commercial General Liability Insurance.** A policy of commercial general liability insurance, with coverage at least as broad as Insurance Services Office ("ISO") form CG 00 01, written on a per occurrence basis for bodily injury, personal injury and property damage. Defense costs must be paid in addition to limits. Coverage for an additional insured shall not be limited to its vicarious liability. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted. Limits shall be no less than \$1,000,000 per occurrence for all covered losses and no less than \$2,000,000 general aggregate.

(b) **Worker's Compensation Insurance.** A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for Consultant against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Consultant in the course of carrying out the work or services contemplated in this Agreement.

(c) **Automobile Liability.** A policy of comprehensive automobile liability

insurance, at least as broad as ISO form CA 00 01, written on a per occurrence basis covering bodily injury and property damage in an amount not less than \$1,000,000 combined single limit for each accident. Said policy shall include coverage for owned, non-owned, leased, hired cars and any automobile.

(d) **Professional Liability.** Professional liability insurance appropriate to Consultant's profession. This coverage may be written on a "claims made" basis and must include coverage for contractual liability. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of, or related to services performed under this Agreement. The insurance must be maintained for at least five (5) consecutive years following the completion of Consultant's services or the termination of this Agreement. During this additional 5-year period, Consultant shall annually and upon request of City submit written evidence of this continuous coverage. Limits shall be no less than \$1,000,000 per claim and no less than \$1,000,000 general aggregate.

(e) **Cyber Liability.** Cyber liability insurance appropriate to Consultant's profession and the services hereunder, written on a per occurrence basis, with limits not less than \$1,000,000 per occurrence/loss, and \$2,000,000 in the aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations undertaken by Consultant pursuant to this Agreement and shall include, but not be limited to, claims involving: infringement of intellectual property; copyright; trademark; invasion of privacy violations; data breach; electronic information theft, loss, damage, destruction, alteration or misuse; release of private information; extortion; and, network security. The policy shall provide coverage for breach response costs, regulatory fines and penalties, and credit monitoring expenses, with limits sufficient to respond to these obligations.

(f) **Excess Liability Insurance.** Excess liability insurance may be used to satisfy the obligations herein. If excess liability insurance is used then the policy shall meet all the requirements herein and be at least as broad as the primary coverages set forth herein. Such policy shall: 1) include a drop down feature requiring the policy to respond if primary insurance that would otherwise have applied proves to be uncollectible in whole or in part for any reason; 2) be payable on behalf of wording as opposed to reimbursement; 3) have concurrency of effective dates with primary policies; 4) "follow form" to the underlying primary policies; and, 5) provide insureds, under primary policies required herein, shall be insureds under the excess liability policy.

(g) **Subcontractors.** In the event Consultant subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, Consultant shall either: 1) include each subcontractor as insureds under its policies of insurance required herein; or, 2) Consultant shall furnish to City all documentation, required in Article 5 for Consultant, for each subcontractor. All coverages for subcontractors shall include all of the requirements stated herein.

5.2 General Insurance Requirements.

(a) **Proof of Insurance, Enforcement and Notice.** No work or services under this Agreement shall commence until both Consultant has provided City with insurance certificates, endorsement forms and appropriate insurance binders evidencing the above insurance

coverages, as well as said documentation is approved by City. City reserves the right to inspect complete, certified copies of, and endorsements to, all required insurance policies, at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City. In the event any insurance policy required under this Agreement is cancelled or amended (and the insurance policy is not replaced pursuant to subsection (b) below), or does not comply with Article 5, then: 1) City has the right but not the duty to obtain insurance required herein and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments; or, 2) City, notwithstanding any other provisions of this Agreement, may immediately terminate this Agreement. Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required insurance policies.

(b) **Cancellation/Amendment.** All of herein required policies of insurance shall provide the insurance may not be amended or cancelled by insurer or any Party hereto without providing thirty (30) calendar days prior written notice (with exception of ten (10) calendar days prior written notice for nonpayment) to City. In the event any of said policies of insurance are amended or cancelled, Consultant shall, five (5) business days prior to the cancellation date, submit new evidence of insurance in conformance with this Agreement to City.

(c) **Additional Insureds.** The commercial general liability policy provided for in Section 5.1(a) and the automobile liability policy provided for in Section 5.1(c) both shall name City and its elected and appointed officers, employees and agents ("City Parties") as additional insureds and such coverage shall contain no special limitations on the scope of protection afforded to City and City Parties. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, and policies of insurance shall not contain any cross-liability exclusions.

(d) **Primary, Subrogation, Contribution and Coverage.** All of the above policies of insurance shall be primary insurance. The insurers for above policies, Consultant and any subcontractors are all deemed hereof to waive all rights of subrogation and contribution they may have against City or City Parties, and their respective insurers, and all insurance policies required herein shall be endorsed to waive such rights. Any insurance maintained by City or City Parties will apply in excess of, and not contribute with, Consultant's insurance. If Consultant maintains broader coverage and/or higher limits than the minimum amounts provided herein, City requires and shall be entitled to the broader coverage and/or higher limits maintained by Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to City and City Parties. None of the coverages required herein will be in compliance with this Agreement if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing. Requirements of specific coverage features or limits contained herein are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any Party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

(e) **Limitations, Self- Insured Retention and Deductibles.** Consultant agrees that requirements of Article 5 shall not be construed as limiting in any way the extent to which Consultant may be held responsible for the payment of damages to any persons or property resulting from Consultant's activities or the activities of any person or persons for which Consultant is otherwise responsible nor shall it limit Consultant's indemnification liabilities as provided in Section 5.3. All insurance policies must specify that where the primary insured does not satisfy any self-insured retention, any additional insured may satisfy the self-insured retention. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City and City Parties, or Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration, attorney's fees, defense expenses and claims.

5.3 Indemnification.

(a) **General Obligations.** Consultant agrees, to the full extent permitted by law, to indemnify, defend and hold harmless City and its elected and appointed officers, employees and agents (each an "**Indemnitee**" and collectively, "**Indemnitees**") against, and will hold and save them and each of them harmless from, whether actual or threatened, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities (herein "**Claims or Liabilities**") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Consultant is legally liable (each an "**Indemnitor**" and collectively, "**Indemnitors**"), or arising from Indemnitors' reckless or willful misconduct, or arising from Indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith: 1) Consultant will defend any action or actions filed or threatened in connection with any such Claims or Liabilities, or at option of Indemnitee(s) will reimburse and pay for all costs and expenses, including legal costs and attorneys' fees, incurred by Indemnitee(s) in connection therewith; and, 2) Consultant will promptly pay any judgment rendered against Indemnitee(s) for any such Claims or Liabilities, and will save and hold Indemnitee(s) harmless therefrom.

(b) **Further Provisions.** The indemnity obligation herein shall be binding on successors, assigns and heirs of Consultant and shall survive termination of this Agreement. Consultant shall incorporate similar indemnity agreements as provided herein with its subcontractors, and if Consultant fails to do so Consultant shall be fully responsible to indemnify City hereunder therefor. Failure of City and/or City Parties (collectively "City" for solely this Section 5.3(b)) to monitor compliance with any of the indemnification provisions herein shall not be a waiver hereof. The indemnification provisions herein do not apply to claims or liabilities occurring as a result of City's sole negligence or willful misconduct, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnification provided herein includes Claims or Liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Indemnitors in the performance of professional services hereunder. Payment of invoices by City is not a condition

precedent to enforcement of the indemnity obligation herein. In the event of any dispute between Consultant and City, as to whether liability arises from the sole negligence or willful misconduct of City, Consultant will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating City as solely negligent or responsible for willful misconduct. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

(c) **Professional Liability.** When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless Indemnitees against, and will hold and save them and each of them harmless from, whether actual or threatened, any and all Claims and Liabilities, consistent with all obligations provided for in this Section 5.3, to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission, or reckless or willful misconduct of Indemnitors in the performance of professional services under this Agreement.

ARTICLE 6. RECORDS, REPORTS AND RELEASE OF INFORMATION

6.1 Records. Consultant shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder ("**books and records**") as shall be necessary to perform the services required by this Agreement and enable City to evaluate the performance of such services. Any and all such books and records shall be maintained in accordance with generally accepted accounting principles, shall be complete and detailed, and shall be readily accessible. City shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts. Such books and records shall be maintained for a period of three (3) years following completion of the services hereunder. City shall have access to such books and records in the event any audit is required. Consultant shall fully cooperate with City in providing access to any and all Consultant records and documents if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

6.2 Ownership of Documents. All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials ("**documents and materials**") prepared by Consultant, its officers, employees, agents and subcontractors in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of City and/or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership, use, reuse, or assignment of the documents and materials hereunder. Consultant may retain copies of such documents and materials for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents and materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom. Moreover, with respect to any Consultant documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for City.

6.3 Confidentiality and Release of Information. All information gained or work

product produced by Consultant in its performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from City. Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from City or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered “voluntary” provided Consultant immediately gives City notice of such court order or subpoena. If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney’s fees, caused by or incurred as a result of Consultant’s conduct. As concerning, regarding or related to, in any way, this Agreement and the work performed thereunder: a) Consultant shall immediately notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party; b) City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding; and, c) Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant, however, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law. This Agreement shall be interpreted, construed and governed both as to validity and to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Luis Obispo, State of California, or any other appropriate court in such county, and Consultant agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Luis Obispo, State of California.

7.2 Suspension, or Termination, Prior to Expiration of Term. This Section shall govern any termination of this Agreement except as specifically provided in Section 7.4 for termination for cause. City reserves the right to terminate or suspend this Agreement, or any portion hereof, at any time, for any reason, with or without cause, upon ten (10) days’ notice to Consultant, except that where termination or suspension is due to the fault of Consultant, the period of notice may be such shorter time as determined by City. Upon receipt of any notice of termination or suspension, Consultant shall immediately cease all services hereunder, unless the notice provides otherwise, or except such as specifically approved by City. Upon submittal of an invoice consistent with Section 2.2, Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination or suspension and for any services authorized by City thereafter in accordance with the Schedule of Compensation, or such as may be approved

by City, except as provided in Section 7.5. In event of termination, or suspension, without cause pursuant to this Section, there is no need to provide opportunity to cure pursuant to Section 7.3.

7.3 Default of Consultant and Opportunity to Cure. In the event that Consultant is in default under the terms of this Agreement, City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively ten (10) days, but may be extended, or reduced, if circumstances warrant, as determined by City. During the period of time that Consultant is in default, City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices, without liability for interest. In the alternative, City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default by conclusion of noticed timeframe, City may immediately both terminate this Agreement with notice to Consultant as well as pursue the remedy in Section 7.4, without prejudice to any other remedy to which City may be entitled at law, in equity or under this Agreement. Any failure on the part of City to give notice of Consultant's default shall not be deemed to result in a waiver of City's legal rights or any rights arising out of any provision of this Agreement.

7.4 Termination for Default of Consultant. If termination is due to the failure of Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.3, take over the work and prosecute the same to completion by contract or otherwise, and Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to Consultant for the purpose of set-off or partial payment of the amounts owed City therefor.

7.5 Retention of Funds. Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of Consultant to insure, indemnify, and protect City as elsewhere provided herein.

7.6 Waiver. Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any Party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either Party of any default must be in writing and shall not be a waiver

of any other default concerning the same or any other provision of this Agreement. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any requirement of this Agreement imposes no additional obligations on City nor does it waive any rights hereunder. Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

7.7 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

7.8 Legal Action. In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant shall file a statutory claim pursuant to Government Code sections 905 *et seq.* and 910 *et seq.*, in order to pursue a legal action under this Agreement.

7.9 Attorneys' Fees. If either Party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and a Party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, consultants' fees, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. Such fees and costs shall be enforceable whether or not such action is prosecuted to judgment.

ARTICLE 8. INDIVIDUAL LIABILITY, CONFLICTS AND NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees. No officer or employee of City shall be personally liable to Consultant, or any successor in interest, in the event of any default or breach by City or for any amount which may become due to Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

8.2 Conflict of Interest. Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of City. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement. City, in its sole discretion, shall determine the existence of a conflict of interest and may terminate this Agreement in the event such a conflict of interest exists upon sending Consultant written notice describing the conflict. No officer or employee of City shall have any financial interest, direct or indirect, in this

Agreement nor shall any such officer or employee participate in any decision relating to this Agreement which affects their financial interest or the financial interest of any corporation, partnership or association in which they are, directly or indirectly, interested, in violation of any State statute or regulation. Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

8.3 Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Notices. Any notice or other communication either Party desires or is required to give to the other Party or any other person in regards to this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, in the case of City addressed to City Clerk at City of Morro Bay, 595 Harbor Street, Morro Bay, CA 93442, and in the case of Consultant, to the person(s) at the address designated on the execution page of this Agreement. Either Party may change its address by notifying the other Party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

9.2 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement, headings used, or any other rule of construction which might otherwise apply.

9.3 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and such counterparts shall constitute one and the same instrument.

9.4 Integration; Amendment. This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the Parties as to the Agreement. It is understood that there are no oral agreements between the Parties hereto affecting this Agreement, and this Agreement supersedes and cancels any and all prior and contemporaneous negotiations, arrangements, agreements and understandings, if any, between the Parties, concerning this Agreement, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by Consultant and (consistent with, as amended, Chapter 3.08 of the MBMC) by City.

9.5 Severability. Should a portion of this Agreement be declared invalid or unenforceable by a judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

9.6 No Undue Influence. Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of City has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling City to remedies in Section 7.4 and any and all remedies at law or equity.

9.7 Corporate Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which said Party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and year first-above written.

CITY:

CITY OF MORRO BAY, a California municipal corporation

Andrea Lueker
Interim City Manager

ATTEST:

Dana Swanson, City Clerk

APPROVED AS TO FORM:

Brian J. Stack, City Attorney

CONSULTANT:

PAVEMENT ENGINEERING INC., a California corporation

By: _____
Joseph L. Ririe
President, Senior Principal Engineer

By: _____
Eric J. Wells
Secretary
3485 Sacramento Drive, Suite A
San Luis Obispo, CA 93401

Two corporate officer signatures required when Consultant is a corporation, with one signature required from each of the following groups: 1) Chairperson of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. (Cal. Corp. Code § 313.) APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY.

EXHIBIT A
SCOPE OF SERVICES

- I. Consultant will perform services described in Consultant's Proposal attached hereto.**
- II. All work product is subject to review and acceptance by City, and must be revised by Consultant without additional charge to City until found satisfactory and accepted by City.**

EXPERIENCE AND FAMILIARITY WITH THE CITY OF MORRO BAY

The requested work is the kind of work PEI performs on a regular basis for our clients. Because we focus 100% of our design efforts on maintaining and rehabilitating pavements, we have the expertise to assist the City of Morro Bay with this project. We understand the challenges that government agencies have to maximize services and minimize costs. PEI has over 38 years of experience assisting municipalities cost-effectively manage and maintain their pavements. We are comfortable exploring innovative approaches to improve pavements.

PEI is familiar with Morro Bay streets. In 2022, we completed a Hot Spot Repair project and assisted with the pavement restoration associated with the City's water reclamation project. Additionally, we updated the City's Pavement Management Program (PMP) during which we reviewed all of the City's maintained streets. We also prepared the 2024 paving digout/rehabilitation project.

We have the technical and innovative expertise to successfully assist the City of Morro Bay with this project.

SCOPE OF WORK

Our scope of work includes developing treatment options and preliminary budgets, measuring field quantities, pavement evaluation, preparing plans, specifications and estimates for the 2026 Paving Digout/Rehabilitation Project streets listed in the RFP. The work is broken down into several tasks outlined below.

Task 1 – Project Administration

This work includes a kick-off meeting with City of Morro Bay staff to confirm the project's scope of work, schedule, budget, and availability of project documents; review project goals; discuss format of deliverables; and clarify the responsibilities of each party for each project.

Progress meetings will be arranged to review the work at critical stages. For this project, we anticipate four (4) meetings, including the kick-off meeting, with City of Morro Bay staff.

Task 2 – Pavement Evaluation

Based on the initial visual review of the proposed project streets, PEI has identified 26 of the 85 street segments, included in the City's project list, that exhibit 15% or more alligator cracking. These streets have a high likelihood of requiring more aggressive treatments including leveling courses and/or overlays. To assist with the design and conserve the budget, PEI is proposing to only deflection test and core these identified streets to establish the structural adequacy of the pavements and the needed rehabilitation strategy. The remaining 59 street segments will not be deflection tested.

PEI will perform pavement evaluation services including deflection testing, coring and analysis on the 26 identified candidate streets for rehabilitation that exhibit 15% or more alligator cracking, based on our visual review (see attached list). This type of analysis will eliminate the guesswork and ensure that an optimum rehabilitation approach is identified.

The field-testing portion of our work consists of deflection testing and coring the pavement to determine the asphalt layer thickness. Deflection tests will be performed at 100-foot maximum intervals along the street segment. Coring will be performed at 500-foot maximum intervals over the street segment. The deflection analysis will be performed in general accordance with CTM 356. The City of Morro Bay will provide the traffic index for the project streets.

To further conserve the design budget, PEI is including an allowance in our fee proposal to perform additional evaluation services that includes coring to measure the full structural section (AC & AB) as well as collect native soil samples to determine the R-value. This allowance will only be used if it is determined that a pavement has a high structural deficiency that cannot be addressed with a simple overlay. These pavements will require additional testing to develop more rehabilitation options that can be considered. The testing on these pavements and which streets need additional evaluation will be reviewed with the City prior to performing the work.

Our work excludes pre-marking the core locations and coordination with Underground Service Alert. Because our cores are confined to the existing AC layer or existing structural section thickness, we do not anticipate encountering any utilities. To protect existing utilities at locations where we need to core deeper than the AC layer, we hand dig our cores through the AB layer and the collection of any native soils.

Traffic control will be provided using a vehicle with mounted warning lights conforming to MUTCD for a Mobile Operation. Modifications to this approach will result in additional fees. Flagging will be provided as needed.

Rehabilitation options to be investigated will include HMA and RHMA overlays, milling and filling, and pulverization and resurfacing. As part of our analysis, we will present any viable maintenance options for streets that are structurally adequate.

For this task, we are proposing that we do not develop a formal report, instead, we will compile our findings in summary sheets for each segment that will be provided to the City. Going straight from the data and raw analysis to design saves design funds.

Task 3 – Measurement of Field Quantities

PEI will physically walk each of the project streets to measure and record all pertinent field quantities, including the location of existing striping, pavement markers and paint markings; location of underground utility covers; limits of paving transitions, digouts and other pavement repairs. This information will be compiled into the bid schedule.

Task 4 – Monument Survey, Research and Documentation

PEI will be teaming with Wallace Group to perform the needed monument survey, research and documentation for the project. Wallace Group's work will focus only on those streets that have been identified by PEI to have 15% or more digouts and may require a treatment that would likely make it inaccessible or destroy any existing monuments. These are the same streets that are being deflection tested as part of Task 2. Wallace Group's project approach and scope of work is outlined as follows:

Monument Preservation and Location Perpetuation

The City has provided a list of the streets to be considered for the pavement evaluation and based on this list Pavement Engineering Inc. has indicated a portion of those streets would have a recommend asphalt repair approach that would likely destroy or make inaccessible for a period of time the surveying monuments within the limits of those roads. As such, the preservation and perpetuation of record survey monuments will be required to comply with State of California Business and Profession Code, Chapter 15, Section 8771.

The roads in question are summarized in Table 'A'.

For each of these roads, we will review the online GIS County database of record survey maps to determine where record monuments have existed within the impacted portion of roads. Through field investigation we will visit these locations and determine if the monuments shown on the recorded survey maps exist. For the monuments that exist, we will set local reference monuments allowing any survey concurrently taking place with the road repair to determine these monuments' locations in a facile manner. A pre-construction record of survey will be prepared showing the locations of the existing record monuments, the reference monuments, and noting the record monuments that were not found as part of our field investigation.

At the completion of the paving of the roads, we will verify which monuments were destroyed by construction, and which were not.

For monuments that were destroyed by the road construction activity, we will reset their positions. For monuments at street centerline intersections the process will include, setting one stake at the monument location, and setting four reference nails approximately two feet away in an 'X' pattern, so that a monument well box can be built and the contractor can construct and place a stamped brass cap accurately as shown on the City of Morro Bay Standard Monument detail M-1. We will provide the City with pre-stamped brass caps to be used by the contractor. After the contractor has constructed the well boxes and set the brass cap, we will return and indicate the exact point by marking a cross on the brass cap. We will provide the City with a point plot showing the locations of the staked monument wells. For budgeting purposes, we have assumed this staking will be completed in no more than four (4) mobilizations.

For those monuments not located at street centerline intersections and destroyed by construction we will reset a survey monument, typically being a large nail and stamped tag set at the asphalt finished surfaced, or similar.

A post-construction record of survey will be completed summarizing and showing the post construction condition of these monuments.

For budgeting purposes, this effort includes the road locations and lengths summarized in Table 'A' and includes the preservation and perpetuation of approximately 85 total monuments.

For budgeting purposes, we have assumed that traffic control to access monuments will not be required or will be provided by the City or during the post-construction staking, by the contractor.

Furthermore, anything not explicitly included as a deliverable or service is explicitly excluded as a scope of service.

TABLE 'A'

Primary Street	From	To	Length	Assumed Monument Count
Acacia Street	Main Street	Shasta Avenue	720	1
Bella Vista Drive	Allesandro Street	Quintana Street	235	1
Butte Avenue	Las Tunas Street	South End	350	1
Cedar Avenue	Sequoia Street	San Jacinto Street	625	1
Clarabelle Drive	Radcliff Street	Downing Street	1,370	4
Coleman Drive	West End	Embarcadero Road	2,200	5
Driftwood Street	Main Street	Piney Way	1,320	6
Driftwood Street	Morro Avenue	Main Street	325	
Fir Avenue	San Joaquin Street	Elena Street	525	2
Island Street	Sandalwood Avenue	Coral Avenue	350	2
Jamaica Street	Main Street	Panorama Drive	880	3
Kodiak Street	Panorama Drive	Main Street	880	4
Las Tunas Street	Butte Avenue	Kings Avenue	912	0
Luzon Street	Panorama Drive	Main Street	885	10
Monterey Avenue	Beach Street	Harbor Street	665	6
Monterey Avenue	Harbor Street	Morro Bay Blvd	335	
Monterey Avenue	Surf Street	Beach Street	700	
Nassau Street	Panorama Drive	Tide Avenue	455	8
Nevis Street	Panorama Drive	Nassau Street	825	3
Panorama Drive	Nevis Street	Mindoro Street	420	3
Shasta Avenue	Harbor Street	Dunes Street	335	3

Shasta Avenue	Main Street	Acacia Street	755	3
Shasta Avenue	Acacia Street	Olive Street	730	3
Sicity Street	Panorama Drive	Main Street	1,000	5
The Embarcadero	South End	COP @ 910'	910	5
Trinidad Street	Beachcomber Drive	East End	320	5

Task 5 – Consultant Presentations

Our scope of work includes preparing and making two (2) presentations. One presentation will be to the City Council and the other to the Public Works Advisory Board (PWAB). The same presentation will be given to each group. The presentation will summarize the street selection process. It is anticipated that each presentation will be ten (10) minutes with ten (10) minutes responding to questions.

Task 6 – Plans, Specifications and Estimates

35% Submittal

After the site investigations and analysis outlined in Task 2 through Task 4 are complete, PEI will meet with the City to review the gathered information. As part of the meeting, we will review preliminary cost information for each viable option for the street segment and a life cycle cost analysis (LCCA) to assist the City in selecting the most cost effective and constructible options for the project street.

As part of our meeting, PEI will also discuss any drainage issues that are observed to determine if and, or how to implement the needed improvements.

This meeting will be where critical decisions are made about how far the budget can be stretched. At the conclusion of this meeting, PEI and the City will have a clear understanding about the specific design approach that will be implemented for the project. This meeting will be considered the 35% submittal.

60% Submittal

PEI will develop project plans similar to previous plan sets prepared for the City of Morro Bay. The plans will convey the design intent and treatments selected during the 35% submittal meeting. We will use aerial images to develop base sheets and provide details for typical sections, transitions, conforms, digouts, and additional pavement work as necessary. PEI will submit any portion of the maintenance work that requires further clarification in the form of drafted plan views, details, elevations, or cross sections. We will also prepare technical specifications that will incorporate the latest asphalt industry guidelines and criteria. PEI will compile all field quantities collected from Task 2 into individual engineer’s estimates by street segment and will provide a summary spreadsheet for the project. This information will be presented at the 60% meeting.

90% Submittal

After the City has reviewed the 60% submittal, PEI will meet to receive and review the comments. We will use these comments from the City to refine the plans and technical specifications. This information will be submitted to the City as the 90% design review.

100% Submittal

After the City reviews the 90% submittal, we will meet with staff to resolve any final outstanding issues and adjust the contract documents accordingly. A final 100% submittal will follow.

We understand that the City will provide the front-end conditions for this project.

It is anticipated that the existing striping pattern will remain unchanged for these streets. Any changes in the striping may result in additional costs.

Task 6 – Deliverables

- The 60% and 90% plan submittals will be submitted in PDF format. Technical specifications will be submitted in Word format.
- Final approved drawing submittals will include one PDF copy of all the drawing sheets, technical specifications in Word format and an engineer's estimate in PDF format.

Task 7 – Bid Support Services

During the bid period, we will be available to answer any specific questions from the City concerning the design. Should the need arise, we will prepare an addendum as required. In addition, we will also be available to attend a pre-bid meeting, help with questions from the contractors during the bidding process, and reviewing and evaluating bids. All fees for this task will be on a time and materials basis.

Task 8 – Construction Support Services

PEI will respond to technical requests for information during construction when requested by the City. All fees for this task will be on a time and materials basis.

EXCLUDED WORK

Our work excludes performing topographic survey or researching ROW; curb ramp designs, developing traffic control plans; any design work related to CEQA or stormwater retention/detention; electronic locating or potholing of underground utilities; and providing testing or inspection services during construction. Any of these services can be provided for additional fees.

PROPOSED WORK SCHEDULE

The City's RFP outlines a tentative project start date of November 5, 2025 with a tentative project completion date of March 5, 2026. PEI is comfortable with the proposed schedule and has the resources to commit to the project completion within that time frame. The following outlines our proposed project schedule. A detailed schedule is on the following pages.

Attached street list

CITY OF MORRO BAY					
2026 PAVING DIGOUT/REHABILITATION PROJECT					
CANDIDATE STREET LIST FOR DEFLECTION TESTING					
Street Name	Start	End	Length (LF)	Area (FT)	PCI
Acacia Street	Main Street	Shasta Avenue	720	15,120	52
Bella Vista Drive	Allesandro Street	Quintana Street	235	7,520	65
Butte Avenue	Las Tunas Street	South End	350	13,300	65
Cedar Avenue	Sequoia Street	San Jacinto Street	625	22,500	29
Clarabelle Drive	Radcliff Street	Downing Street	1,370	45,210	67
Coleman Drive	West End	Embarcadero Road	2,200	50,600	58
Driftwood Street	Main Street	Piney Way	1,320	47,520	58
Driftwood Street	Morro Avenue	Main Street	325	15,600	64
Fir Avenue	San Joaquin Street	Elena Street	525	18,900	65
Island Street	Sandalwood Avenue	Coral Avenue	350	7,000	63
Jamaica Street	Main Street	Panorama Drive	880	21,040	34
Kodiak Street	Panorama Drive	Main Street	880	19,700	66
Las Tunas Street	Butte Avenue	Kings Avenue	912	31,920	67
Luzon Street	Panorama Drive	Main Street	885	20,320	53
Monterey Avenue	Beach Street	Harbor Street	665	30,590	53
Monterey Avenue	Harbor Street	Morro Bay Blvd	335	15,410	55
Monterey Avenue	Surf Street	Beach Street	700	19,600	59
Nassau Street	Panorama Drive	Tide Avenue	455	10,920	62
Nevis Street	Panorama Drive	Nassau Street	825	20,625	60
Panorama Drive	Nevis Street	Mindoro Street	420	5,880	67
Shasta Avenue	Harbor Street	Dunes Street	335	15,745	46
Shasta Avenue	Main Street	Acacia Street	755	16,610	49
Shasta Avenue	Acacia Street	Olive Street	730	21,900	66
Sicily Street	Panorama Drive	Main Street	1,000	21,000	52
The Embarcadero	South End	COP @ 910'	910	36,400	53
Trinidad Street	Beachcomber Drive	East End	320	6,400	56

EXHIBIT B
SPECIAL REQUIREMENTS
(Superseding Agreement Boilerplate)

NOT APPLICABLE

EXHIBIT C

SCHEDULE OF COMPENSATION

- I. Consultant will be compensated for Services provided under this Agreement in accordance with description in Consultant's Proposal attached hereto.**
- II. City will compensate Consultant for the Services performed upon submission of a valid invoice, as described in Section 2.2.**
- III. The total compensation for the Services shall not exceed the Contract Sum, as provided in Section 2.1 of this Agreement.**



City of Morro Bay 2026 Paving Digout/Rehabilitation Project Design & Engineering Services

The Pavement Engineering Inc & Wallace Group's fee for the work is based on the referenced RFP and our experience with similar projects performed for clients throughout the State of California.

Our total estimated project fee is broken down as follows:

PROJECT ENGINEERING & DESIGN SERVICES FEE	
Task 1 – Project Administration	\$21,280
Task 2 – Pavement Evaluation (including allowance)	\$45,435
Task 3 – Measurement of Quantities	\$41,190
Task 4 – Monument Survey, Research and Documentation	\$112,179
Task 5 – Consultant Presentations	\$12,000
Task 6 – Plans, Specifications and Estimates	\$97,950
Task 7 – Bid Support Services	\$5,320
Task 8 – Construction Support Services	\$7,980
Total Estimated Project Fee	\$343,334

The fees will be invoiced on a time and material basis. All fees and costs associated with this project are subject to final negotiation with the City of Morro Bay.

The following breakdown shows our estimated costs for each portion on the project. The individual fees associated with each task will serve as a guideline for progress payments.

Wallace Group's fee breakdown and standard survey billing rate schedule is attached for reference.

PAVEMENT ENGINEERING INC & WALLACE GROUP
ESTIMATED FEE BREAKDOWN SCHEDULE
CITY OF MORRO BAY
2026 PAVING DIGOUT / REHABILITATION PROJECT

TASK 1 PROJECT ADMINISTRATION				
	Position	Rate	Hours	Total
	Senior Principal Engineer	\$270.00	32	\$8,640.00
	Project Manager	\$230.00	32	\$7,360.00
	Senior Project Manager	\$165.00	32	\$5,280.00
			Est. Total:	\$21,280.00
TASK 2 PAVEMENT EVALUATION				
	Lump Sum			\$33,435.00
	Additional Evaluation (Allowance)			\$12,000.00
			Est. Total:	\$45,435.00
TASK 3 MEASUREMENT OF FIELD QUANTITIES				
	Project Manager	\$230.00	12	\$2,760.00
	Senior Engineering Technician	\$165.00	122	\$20,130.00
	Engineering Technician	\$150.00	122	\$18,300.00
			Est. Total:	\$41,190.00
TASK 4 MONUMENT SURVEY, RESEARCH AND DOCUMENTATION				
	Senior Principal Engineer	\$270.00	35	\$9,450.00
	Project Manager	\$230.00	35	\$8,050.00
	Wallace Group			\$94,679.00
			Est. Total:	\$112,179.00
TASK 5 CONSULTANT PRESENTATIONS				
	Senior Principal Engineer	\$270.00	24	\$6,480.00
	Project Manager	\$230.00	24	\$5,520.00
			Est. Total:	\$12,000.00
TASK 6 PLANS, SPECIFICATIONS and ESTIMATES				
35%, 60%, 90% and Final PS&E Submittals				
	Senior Principal Engineer	\$270.00	47	\$12,690.00
	Project Manager	\$230.00	84	\$19,320.00
	Senior Engineering Technician	\$165.00	196	\$32,340.00
	Engineering Technician	\$150.00	224	\$33,600.00
			Est. Total:	\$97,950.00
TASK 7 BID SUPPORT SERVICES				
	Senior Principal Engineer	\$270.00	8	\$2,160.00
	Project Manager	\$230.00	8	\$1,840.00
	Senior Engineering Technician	\$165.00	8	\$1,320.00
			Est. Total:	\$5,320.00
TASK 8 CONSTRUCTION SUPPORT SERVICES				
	Senior Principal Engineer	\$270.00	12	\$3,240.00
	Project Manager	\$230.00	12	\$2,760.00
	Senior Engineering Technician	\$165.00	12	\$1,980.00
			Est. Total:	\$7,980.00
Total Estimated Project Fee:				\$343,334.00





Engineering Services

Senior Principal Engineer	\$270/hr
Principal Engineer	\$240/hr
Senior Associate Engineer	\$230/hr
Associate Engineer	\$210/hr
Assistant Engineer	\$185/hr

Technical Services

Project Manager	\$230/hr
Construction/Laboratory Manager	\$190/hr
Senior Engineering Technician.....	\$165/hr
Engineering Technician	\$150/hr
Inspector*	\$155/hr
Laboratory Technician.....	\$130/hr
Clerical	\$ 85/hr

Field Services

PW Deflection Testing**	\$585/hr
PW Coring**	\$470/hr
PW Deflection Testing/Coring Travel*	\$390/hr
PW Traffic Control.....	\$325/hr
PW Traffic Control Travel*	\$275/hr

*Two (2) hour minimum **Four (4) hour minimum

Basis of Charges

Miscellaneous Charges

Equipment rental, reproductions, testing (other than by PEI), photographic expenses and other outside services:..... Cost + 15%

Payments

Invoices will be submitted either semi-monthly or monthly and are payable upon receipt. Interest of 1-1/2% per month (but not exceeding the maximum rate allowable by law) will be payable on any amounts not paid within 30 days, payment thereafter to be applied first to accrued interest and then to the principal unpaid amount. Attorneys' fees or other costs incurred in collecting any delinquent amount shall be paid by the client.



Exhibit A
Standard Billing Rates



Surveying Services:

Party Chief	\$190
Party Chief (*Prevailing Wage)	\$250
Instrument Person	\$133
Instrument Person (*Prevailing Wage)	\$150
Associate Survey Technician	\$125
Survey Technician I - IV	\$140/\$145/\$155/\$160
Land Surveyor I - III	\$170/\$180/\$190
Senior Land Surveyor I - III	\$198/\$203/\$208
Director	\$228
Principal Surveyor	\$255
Principal	\$280

Support Services:

Office Assistant	\$120
Project Assistant I - III	\$130/\$135/\$145

***Prevailing Wage:**

State established prevailing wage rates will apply to some services based on state law, prevailing wage rates are subject to change over time and geographic location.

Right to Revisions:

Wallace Group reserves the right to revise our standard billing rates on an annual basis, personnel classifications may be added as necessary.

Additional Professional Services:

Fees for expert witness preparation, testimony, court appearances, or depositions will be billed at the rate of \$400 an hour. If required to meet schedule requests, overtime on a project will be billed at 1.5 times the employee's typical hourly rate.

Direct Expenses:

Direct expenses will be invoiced to the client and a handling charge of 15% may be added. Sample direct expenses include, but are not limited to the following:

- travel expenses
- delivery/copy services
- sub-consultant services
- mileage (per IRS rates)
- agency fees
- other direct expenses

Invoicing and Interest Charges:

Invoices are submitted monthly on an accrued cost basis. A finance charge of 1.5% per month may be assessed on all balances that are thirty days past due.

EXHIBIT D

SCHEDULE OF PERFORMANCE

- I. Consultant shall perform all services and deliver all work products timely in accordance with the schedule described in Consultant's Proposal attached hereto.**

CITY OF MORRO BAY
2026 PAVING DIGOUT / REHABILITATION PROJECT

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	2026				
							N	D	J	F	M
0	➔	MorroBay_Project_Schedules	87 days	Wed 11/5/25	Thu 3/5/26		[Summary Bar]				
1	➔	Project Administration	87 days	Wed 11/5/25	Thu 3/5/26		[Summary Bar]				
2	★	Pavement Analysis & Preliminary Engineering	30 days	Wed 11/5/25	Tue 12/16/25		[Summary Bar]				
3	➔	Pavement Evaluation	20 days	Wed 11/5/25	Tue 12/2/25		[Summary Bar]				
4	➔	Field Measurements	30 days	Wed 11/5/25	Tue 12/16/25		[Summary Bar]				
5	★	Monuments Perpetuation	30 days	Wed 11/5/25	Tue 12/16/25		[Summary Bar]				
6	★	Meetings & Coordinations	87 days	Wed 11/5/25	Thu 3/5/26		[Summary Bar]				
7	★	Utility Company / Internal Coordinations	87 days	Wed 11/5/25	Thu 3/5/26		[Summary Bar]				
8	★	Bi-weekly Project Meetings	87 days	Wed 11/5/25	Thu 3/5/26		[Summary Bar]				
9	➔	Prepare Plans, Specifications, & Estimates	87 days	Wed 11/5/25	Thu 3/5/26		[Summary Bar]				
10	★	Prepare 35% Submittal	28 days	Wed 11/5/25	Fri 12/12/25		[Summary Bar]				
11	➔	35% Milestone	0 days	Fri 12/12/25	Fri 12/12/25	10FS-1 day	[Milestone]				
12	➔	35% City Review (1 Weeks)	5 days	Mon 12/15/25	Fri 12/19/25	10	[Task]				
13	★	Prepare 60% Submittal	25 days	Mon 12/22/25	Fri 1/23/26	12	[Task]				
14	➔	60% Milestone	0 days	Fri 1/23/26	Fri 1/23/26	13FS-1 day	[Milestone]				
15	➔	60% City Review (1 Weeks)	5 days	Mon 1/26/26	Fri 1/30/26	13	[Task]				
16	➔	Prepare 90% Submittal	15 days	Mon 2/2/26	Fri 2/20/26	15,12	[Task]				
17	➔	90% Milestone	0 days	Fri 2/20/26	Fri 2/20/26	16FS-1 day	[Milestone]				
18	➔	90% City Review (1 Weeks)	5 days	Mon 2/23/26	Fri 2/27/26	16	[Task]				
19	➔	Prepare 100% Submittal	4 days	Mon 3/2/26	Thu 3/5/26	18	[Task]				
20	➔	100% Milestone	0 days	Thu 3/5/26	Thu 3/5/26	19FS-1 day	[Milestone]				

Task		Project Summary		Manual Task		Start-only		Deadline	
Split		Inactive Task		Duration-only		Finish-only		Progress	
Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
Summary		Inactive Summary		Manual Summary		External Milestone			